

PROCLAMATION

BY THE

Governor of the State of Texas

41-1378

TO ALL TO WHOM THESE PRESENTS SHALL COME:

House Bill 72 and House Bill 73 as passed by the Legislature would provide for insurance protection on bank deposits over and above the present \$15,000.00 per account under the Federal Deposit Insurance Corporation. I am in accord with the basic purpose of providing full protection for deposits on their bank accounts but I am not satisfied that the approach taken by these bills is the proper one and for that reason I am calling upon the Finance Commission to make a study of the best solution to this problem to present to the next Legislature. Under the provisions of Article IV, Section 14, of the Constitution, I am herewith vetoing and filing with the Secretary of State House Bill 73, 61st Legislature, Second Called Session, the Texas Depository Protection Act, and a companion bill, House Bill 72, 61st Legislature, Second Called Session, with the following objections and for the following reasons:

1. These bills provide for deposit insurance to be furnished by private non-profit corporations. This proved unsatisfactory in Texas between the years 1904 - 1926. There is also no provision which would limit the number of corporations providing this insurance and therefore could lead to a large number of small weak private corporations which could not provide the protection anticipated.

2. I have some concern that the bill would be discriminatory as regarding banks in our state which have less than \$200,000 in capital in that their deposits could not be insured to the extent of larger banks.

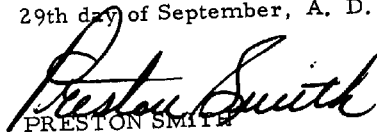
3. There is also a problem as to possible discrimination between state and national banks since some state banks, not members of the Federal Reserve System might cancel their F. D. I. C. membership relieving them of certain restraints and limitations as to interest paid on savings accounts or certificates of deposits. This same situation could arise between state chartered and federal savings and loan associations. There is also great concern as to the ultimate effects of the withdrawal from federal supervision of banks and savings and loan associations operating under state charters.

4. I am advised that no depositor has lost money through the closing of any Texas bank in the past three years and that there has not been opportunity for full public hearings on these bills or on this particular approach to this problem.

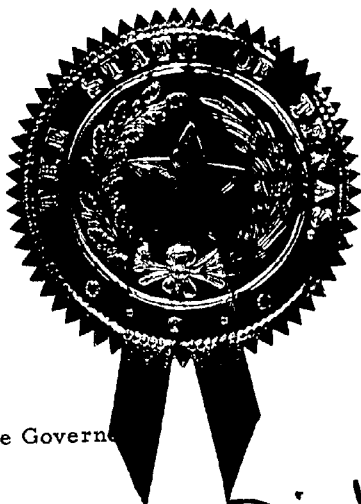
For all of the foregoing reasons, I feel that there is no emergency need for this legislation at this time and that these bills should be vetoed to provide time for a full and complete study of possible solutions to be considered by a future session of the Legislature.

House Bill 72 and House Bill 73, 61st Legislature, Second Called Session were presented to me less than ten (10) days before adjournment of the Legislature and I am herewith vetoing and filing them, together with this proclamation, with the Secretary of State under the provisions of Article IV, Section 14 of the Texas Constitution.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the Seal of State to be affixed hereto at Austin, this the 29th day of September, A. D., 1969.


PRESTON SMITH

GOVERNOR OF TEXAS



By the Governor


Secretary of State

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
5:30 p.m. O'CLOCK

SEP 29 1969

Secretary of State